



Accelerating Technology Transformation with American Rescue Plan Funding

The pandemic has led to unprecedented service delivery challenges for state and local governments, but it also has presented a once-in-a-generation funding opportunity for public sector organizations to make long-term technology investments and address underlying issues.

The American Rescue Plan (ARP), which was passed in March 2021, made \$350 billion available to state, local and tribal governments through the Coronavirus State and Local Fiscal Recovery Funds.¹ ARP also provided more than \$162 billion in supplemental funding through the Elementary and Secondary School Emergency Relief Fund and the Higher Education Emergency Relief Fund.

State and local governments can use these funds to cover eligible expenses by either Sept. 30, 2023, or Dec. 31, 2024 (depending on the funding stream). It's an opportunity to accelerate technology modernization and capitalize on lessons learned during the pandemic.

This brief provides an overview of available federal funding opportunities

and potential strategies state and local governments can adopt to help maximize value from stimulus aid long after the pandemic is over.

CURRENT ARP FUNDING OPPORTUNITIES

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

The Coronavirus State and Local Fiscal Recovery Funds provide the biggest bucket of pandemic-related federal aid for state and local governments.

Of the \$350 billion available, Congress allocated \$195 billion to states, \$65 billion to counties, nearly \$46 billion to cities and \$20 billion to tribal governments.² That funding is augmented by an additional \$10 billion Capital Project Fund for states and localities to enable work, education and health monitoring in response to the current public health emergency. Governments can use this funding to cover eligible costs incurred by Dec. 31, 2024.³

According to the Treasury Department, the Coronavirus State and Local Fiscal

Recovery Funds are designed to provide a "substantial infusion of resources to meet pandemic response needs and rebuild a stronger, and more equitable economy as the country recovers." Allowable technology uses for this funding include data and technology infrastructure improvements to enhance cybersecurity, government service delivery, the design and execution of public health programs, and the administration and effectiveness of economic relief programs.

While this aid is earmarked for pandemic-related needs, states and localities can purpose their technology investments to far outlast the pandemic. The Treasury Department guidance does not specifically address the types of solutions covered under this funding, but it does mention videoconferencing platforms and broadband connectivity as critical technologies governments leveraged during the pandemic. As one group of policy experts have noted, "[T]he most striking and under-discussed aspect of ARP is that it represents not only the largest positive fiscal jolt to state and local budgets in decades, but also the one most supportive of local discretion."⁴

The Treasury's mention of creating a more "equitable economy" in the post-pandemic recovery also signals state and local governments may be well served by making strategic investments that promote equity and expand access to services for vulnerable populations over the long term.

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND (ESSER III)

The Elementary and Secondary School Emergency Relief Fund gives K-12 schools the opportunity to leverage federal aid to improve their technology infrastructure.

ARP provides an additional \$122.7 billion in funding through ESSER. Two-thirds of these funds are now available to states, but they must submit ESSER implementation plans that detail how they intend to use this aid to access the remaining funding.⁵

State education agencies (SEAs) must award at least 90 percent of their total ESSER allocations to local education agencies (LEAs) based on their share of E-Rate Title I-A grants. LEAs must reserve at least 20 percent of their allocated funds to evidence-based interventions that address learning loss, such as summer learning or after-school programs. The remaining funds can be used for technology improvements such as expanded Wi-Fi hotspots, upgraded devices and other technology solutions that facilitate online or hybrid learning.

In addition to ARP's supplemental funding for ESSER, the ARP Act includes \$3 billion for special education programs to support early interventions for children with developmental delays and disabilities,⁶ \$850 million for U.S. territories and other outlying areas, and \$2.75 billion to support tribal education agencies and non-public schools. The last bucket of funding is awarded to governors to distribute based on their state's population of children ages 5 to 17 enrolled in non-public schools who are at or below 185 percent of the federal poverty level,⁷ which equates



to an annual income of \$49,025 for a family of four.⁸ All of this federal funding is available through Sept. 30, 2023.

HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF III)

The American Rescue Plan also has made an additional \$40 billion in federal funding available for higher education institutions through the Higher Education Emergency Relief Fund (HEERF III).⁹ This funding is divided between nonprofits, historically black colleges and universities (HBCUs), and minority-serving institutions.

ARP also has provided an additional \$198 million to the Supplemental Assistance to Institutions of Higher Education program,¹⁰ which includes select private and public nonprofits still have the greatest outstanding unmet needs due to the pandemic, after allocating other HEERF funding. With HEERF, nonprofits must use at least half their funding for emergency financial aid grants, but also can use some of their allocation to offset technology costs associated with distance learning. Higher education institutions cannot use these funds to cover marketing and recruitment activities, capital expenditures for facilities, or senior administrator or executive salaries. However, they can use this funding

With passage of the American Rescue Plan, K-12 schools have access to an additional \$122.7 billion in new ESSER funding, while higher education institutions now have another \$40 billion in HEERF III funds.

to cover technology costs associated with the transition to distance learning, as well as faculty and staff training.¹¹

Schools can use this funding to cover costs incurred through Sept. 30, 2023.

EMERGENCY CONNECTIVITY FUND

The American Rescue Plan provided \$7.17 billion to this fund,¹² which is intended to fund educational devices and technologies at schools and libraries to help improve connectivity for underserved students and communities. This fund covers the purchase of equipment, including laptops and tablets, mobile hotspots, modems, air cards, routers, and fixed or mobile broadband internet connections and services for library patrons, students and staff who

would otherwise lack connectivity to engage in remote learning or access information. In some cases, schools and libraries that lack service options may use this funding to offset the costs of building new wireless networks.

During the initial application window for this aid, which closed Aug. 13, 2021, the Federal Communications Commission (FCC) received requests for \$5.137 billion of the \$7.17 billion fund. The FCC announced it would open a second window from Sept. 28 to Oct. 13, 2021, for schools and libraries to request funding to offset eligible costs for the 2021-22 school year.¹³

HOW STATES CAN LEVERAGE FEDERAL FUNDING

States can use the latest round of federal aid to support distance learning, public safety, remote work and digital service delivery.

Distance Learning

Many school districts have capitalized on previous rounds of federal aid to invest in technology improvements, providing a model other education institutions could follow to put ARP funds to good use.

One school system that serves a tribal community in the Pacific Northwest has used federal aid to provide laptops, mobile devices and mobile hotspots to students and outfit school buses with Wi-Fi to help students be productive during their long bus ride to school. The school system also purchased a collaborative learning and videoconferencing platform for its distance learning needs.

Another Midwest school district used federal aid to accelerate its goal of providing all students with a digital device for learning in school and at home. The school also focused on a pandemic-related goal of delivering cost-effective, reliable and robust connectivity that would travel with students. It invested in mobile hotspot devices and an enterprise mobile device management solution to ensure strong network security. Other school systems can use ARP funding in similar ways to build their technology infrastructure for the future,

close connectivity gaps, ensure more equitable access and make their learning environments more resilient — whether it's due to a disruption caused by a natural disaster, unforeseen emergency or future public health crisis.

Public Safety

States and cities can also leverage the \$350 billion available to them through the Coronavirus State and Local Fiscal Recovery Funds to upgrade technologies for police and fire departments and public safety agencies.

Again, the Treasury Department's guidance is broad, but it does mention that grant recipients have "broad latitude" to use the funds to provide government services, which include "modernization of cybersecurity, including hardware, software and the protection of critical infrastructure," and "the provision of police, fire and other public safety services."¹⁴

With previous rounds of federal aid, some public safety agencies have invested in technologies such as a self-service online system for residents to report non-emergency incidents,¹⁵ portable 911 dispatch technologies, and upgraded equipment and radios for increased patrols. They have also used it to cover telecommunications costs for police departments.¹⁶

Public safety agencies can consider using ARP funding to invest in solutions such as private wireless networks that can provide enhanced security, greater network speeds and faster data transmission for critical, real-time communications between first responders in the field; to fund technology upgrades and provide mobile communications equipment for police and fire personnel; to purchase advanced wireless connectivity solutions to help provide remote access for emergency dispatchers and other public safety support staff; and to invest in network command technologies that help provide real-time situational awareness for first responders and emergency management teams as they respond to different crises.

Governments can leverage the \$350 billion Coronavirus State and Local Fiscal Recovery Funds to upgrade public safety technologies, including cybersecurity modernization for hardware, software and critical infrastructure.

All these technologies can help increase collaboration, resilience and responsiveness for police, fire and EMS departments, which can potentially improve public safety.

Remote Work and Digital Service Delivery

Ensuring business continuity will be key for government agencies, even after they emerge from the global public health crisis.

These ARP funding streams allow public sector organizations to invest in connectivity solutions or build out their broadband infrastructure. State and local governments can consider using money available through the Coronavirus State and Local Fiscal Recovery Funds to purchase videoconferencing, virtual call center and digital workspace technologies that expand their remote work capabilities, along with advanced cybersecurity solutions that help protect network traffic and data.

Through the Emergency Connectivity Fund, state and local governments also may be able to modernize technologies in libraries. Libraries can invest in broadband and wireless services and connected devices, such as laptops and tablets, that facilitate virtual programming, provide remote access to library resources and help ensure business continuity. Many residents who lack internet or computer access rely on libraries, whether it's to search and apply for jobs, complete their schoolwork or apply for critical public services such as unemployment benefits, housing assistance, Supplemental Nutrition



IMPORTANT LINKS

Coronavirus State and Local Fiscal Recovery Funds Overview Page:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

Coronavirus State and Local Fiscal Recovery Funds Rules & Regulations:

<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

Elementary and Secondary School Emergency Relief Fund Overview:

https://oese.ed.gov/files/2021/03/FINAL_ARP-ESSER-FACT-SHEET.pdf

Emergency Connectivity Funds FAQs:

<https://www.fcc.gov/emergency-connectivity-fund-faqs>

Higher Education Emergency Relief Fund III FAQs:

<https://www2.ed.gov/about/offices/list/ope/arpfaq.pdf>

Assistance Program (SNAP) benefits, and other health and human services benefits.

The American Rescue Plan provides much-needed funding for schools and libraries that serve as critical lifelines for millions of people.

CONCLUSION

The American Rescue Plan emerged as a part of the federal response to an unprecedented global pandemic, but it offers an opportunity for state and local governments and other public sector organizations to make critical technology investments that address longstanding challenges. Although the federal government is establishing oversight parameters to ensure this aid is spent according to applicable guidelines, it also has given states and localities some latitude to decide how and where to invest their

allocation. With ARP funding, there has never been a more opportune time for traditionally budget-strapped public sector organizations to advance their goals and put public dollars to work to create a more equitable economy and society for all.

Endnotes:

1. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
2. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
3. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>
4. <https://www.brookings.edu/blog/the-avenue/2021/04/02/the-american-rescue-plans-secret-ingredient-flexible-state-and-local-aid/>
5. <https://www.ncsl.org/ncsl-in-dc/standing-committees/education/cares-act-elementary-and-secondary-school-emergency-relief-fund-tracker.aspx#:~:text=The%20American%20Rescue%20Plan%20Act,1%25%20for%20summer%20learning%20programs.>
6. [https://www2.ed.gov/policy/speced/leg/arp/index.html#:~:text=IDEA%20funds%20are%20appropriated%20by,2\)%20was%20signed%20into%20law.](https://www2.ed.gov/policy/speced/leg/arp/index.html#:~:text=IDEA%20funds%20are%20appropriated%20by,2)%20was%20signed%20into%20law.)
7. <https://oese.ed.gov/offices/education-stabilization-fund/emergency-assistance-non-public-schools/> & https://oese.ed.gov/files/2021/04/Final_ARP-EANS-Methodology-and-Table-3.16.21.pdf
8. <https://uwc.211ct.org/federal-poverty-levels-4115-33116/>
9. <https://www2.ed.gov/about/offices/list/ope/arpfaq.pdf>
10. <https://www2.ed.gov/about/offices/list/ope/arpheerfiii3proposednotice.pdf>
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12. <https://www.fcc.gov/fcc-seeks-comment-emergency-connectivity-fund-educational-devices-and-connections-address-homework>
13. <https://docs.fcc.gov/public/attachments/DOC-375210A1.pdf>
14. <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>
15. <https://www.spartnerships.com/funding-from-the-cares-act-now-flowing-to-state-local-governments/>
16. CDG Research Team: CRF Spending Data - Spending Categories

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